



STATE OF ARKANSAS
**Department of Finance
and Administration**

OFFICE OF ACCOUNTING
1509 West Seventh Street, Suite 403
Post Office Box 3278
Little Rock, Arkansas 72203-3278
Phone: (501) 682-1675
Fax: (501) 682-1086
<http://www.state.ar.us/dfa>

MEMORANDUM

TO: User and Service Bureau Agencies

FROM: Paul S. Louthian, CPA, Administrator
Office of Accounting

DATE: November 4, 2005

SUBJECT: Instructions for 1099 Processing for Calendar Year 2005

Increased security measures prevent emails with attachments from being received by many agencies. Therefore, we will place information on various website addresses to inform agencies of important information about 1099 processing for 2005.

http://www.accessarkansas.org/dfa/accounting/acc_forms.html#1099

IMPORTANT NOTES:

- 1099-MISCELLANEOUS FORMS FOR THE PERIOD JANUARY 1, 2005 THROUGH DECEMBER 31, 2005 WILL BE PRODUCED CENTRALLY BY THE OFFICE OF ACCOUNTING FOR ALL AGENCIES COVERED BY THE STATE OF ARKANSAS TAXPAYER IDENTIFICATION NUMBER 71-0847443.**
- PRINTING AND MAILING OF 1099'S FOR AGENCIES THAT RECORD THEIR ACCOUNTING RECORDS ON AASIS IS THE RESPONSIBILITY OF THE OFFICE OF ACCOUNTING. AGENCIES ARE RESPONSIBLE FOR THE MAINTENANCE AND ACCURACY OF THEIR OWN VENDOR PAYMENT DATA.**
- THE STATE OF ARKANSAS IS NO LONGER EXEMPT FROM INTERNAL REVENUE SERVICE PENALTIES FOR INCORRECT 1099-MISCELLANEOUS REPORTING. PENALTIES PAID TO THE INTERNAL REVENUE SERVICE THAT ARE ATTRIBUTABLE TO AGENCY ERROR WILL BE CHARGED TO THAT AGENCY.**
- AGENCIES THAT HAVE BEEN USING AASIS ONE-TIME VENDORS FOR TAX REPORTABLE VENDOR/VENDORS PAYMENTS MUST EMAIL CORRECTED INFORMATION TO THE OFFICE ACCOUNTING ON THE SPREADSHEET ATTACHED BY JANUARY 13, 2006.**

- BOARD MEMBER PAYMENTS SHOULD BE CAREFULLY REVIEWED FOR ACCURACY BY THE RESPONSIBLE AGENCY, BOARD OR COMMISSION.
- ALL VENDOR PAYMENTS SHOULD BE REVIEWED BY USER AGENCIES USING THE AASIS 1099 VENDOR REPORT. CORRECTIONS SHOULD BE DONE BY AGENCIES WITH ON LINE ACCESS TO AASIS. SERVICE BUREAU AGENCIES MUST EMAIL CORRECTED INFORMATION TO THE OFFICE OF ACCOUNTING ON THE CORRECTION SPREADSHEET.
- IF YOUR AGENCY HAS PURCHASED REAL ESTATE FOR THE STATE WITHOUT USING AN AGENT, THE STATE MUST REPORT ON FORM 1099-S. PLEASE EMAIL FOR DETAILS:

<mailto:Danny.Bokamper@DFA.STATE.AR.US>

- QUESTIONS ABOUT THE 1099 PROCESS MAY BE SUBMITTED BY EMAIL TO:

<mailto:Danny.Bokamper@DFA.STATE.AR.US>

AGENCY CHANGES SHOULD BE SUBMITTED BY EMAIL TO:

ACCT1099AGENCYCHANGE@DFA.STATE.AR.US

- REQUESTS FOR CHANGES OR ADDITIONS TO AASIS VENDOR MASTER DATA SHOULD BE SUBMITTED BY EMAIL TO:

OSP1099@DFA.STATE.AR.US

- VENDORS THAT CALL AGENCIES WITH QUESTIONS CONCERNING 1099'S SHOULD BE REFERRED TO OUR ANSWERING SERVICE 1099 HOT LINE PHONE NUMBER 1-800-714-9065.
- AGENCIES REQUESTING CORRECTION TO OR DELETION OF 1099'S FOR VENDORS AFTER JANUARY 15, 2006 SHOULD SUBMIT THEIR REQUEST BY EMAIL TO:

ACCT1099AGENCYCHANGE@DFA.STATE.AR.US

- FREQUENTLY ASKED QUESTIONS (FAQ'S) ARE CURRENTLY AVAILABLE ON THE DFA OFFICE OF ACCOUNTING WEB PAGE.

http://www.accessarkansas.org/dfa/accounting/acc_forms.html#1099

- **EMAIL ADDRESSES FOR ALL OTHER ITEMS ARE CONTAINED WITHIN THE APPROPRIATE SECTION OF THE INSTRUCTIONS.**

OVERVIEW OF THE 1099 PROCESS

1099 MISCELLANEOUS FORMS are produced to satisfy Sections 6041 through 6050N of the Internal Revenue Code, which requires states and state agencies to file informational returns on reportable payment types of non-wage compensation paid to reportable payees.

Responsibilities of the individual state agencies include but are not limited to the following:

- Determine which payments and payees must receive 1099s.
- Insure that reported amounts are correct.
- Provide corrected payment information to the Office of Accounting
- Provide corrected vendor information to the Office of State Purchasing

The Office of Accounting is responsible for the following:

- Accumulate tax reportable vendors/vendor payments
- Printing and Mailing of the 1099-Miscellaneous Forms
- Act as primary contact for vendor questions
- Printing and mailing of corrected 1099's
- Electronic transmission of required 1099 FORM reporting to the Internal Revenue Service.
- Processing of IRS "B Notices" for erroneous tax identification number/name matches.

Timeline

- December 31, 2005 – Calendar Year Close for Tax Reporting
- October 31, 2005 – January 13, 2006 - Review and correction of taxable AASIS Vendor Payments On Line by User Agency

- October 31, 2005 – January 13, 2006 - Review of reports by Service Bureau Agencies and correction of taxable AASIS Vendor Payments for Service Bureau Agencies by the Service Bureau
- January 3 - January 13, 2006 Submission of Spreadsheets for One-Time Vendors by User Agency
- January 3 - January 13, 2006 Submission of Spreadsheets for One-Time Vendors by Service Bureau Agencies
- January 13, 2006 – Deadline for Submission of all Changes or Adjustment of AASIS Vendor/Vendor Payments for Calendar Year 2005
- January 16, 2006– Submission of AASIS 1099's by AASIS Support Team to Office of Accounting
- January 16, 2006 submission of Department of Human Services and Racing Commission 1099 Information
- January 16– January 20, 2006 – Consolidation by Payee Tax Identification Number and Preparation of Form 1099-MISC for mailing by DFA Office of Accounting
- January 27, 2006 – Initial mailing of 1099's
- February 1, 2006 – Correction of mailed 1099's begins
- March 25, 2006 – Submission of the Initial IRS 1099 Electronic file
- December 1, 2006 – Submission of Final IRS 1099 Correction file

Table of Contents for 1099 Instruction Package

http://www.accessarkansas.org/dfa/accounting/acc_forms.html#1099

1. 1099 Policy Statement
2. W-9 Policy Statement
3. User Agency
 - Review of AASIS Vendor Reports
 - Benefit Vendor Instructions

- Board and Commission Member Instructions
- Vendor Payments using House Banks (Commercial Checking Accounts)
- AASIS Vendor Report Running Instructions
- AASIS Vendor On Line Correction Process
- AASIS One-time Vendor Correction Instructions
- AASIS One-time Vendor Correction Spreadsheet

4. Service Bureau Agency

- Review of AASIS Vendor Reports
- Benefit Vendor Instructions
- Board and Commission Member Instructions
- Vendor Payments using House Banks (Commercial Checking Accounts)
- AASIS Vendor Correction Instructions
- AASIS Vendor Correction Spreadsheet
- One-time Vendor Correction Instructions
- One-time Vendor Correction Spreadsheet